

STATEMENT OF PURPOSE

RS27304 / H0309

This legislation creates a source of transportation funding for State and local roads while saving additional moneys for times of State revenue shortfalls or major disasters. Section 1, in part, creates an Economic Reserve and Investment Fund ("ERIF") for the purpose of providing moneys for: 1) the Strategic Initiatives Program; 2) meeting General Fund revenue shortfalls or 3) meeting expenses incurred as the result of a major disaster declared by the Governor. As background, both the Economic Recovery and Reserve Fund and the Budget Stabilization Fund were for meeting general revenue shortfalls, and expenses as a result of major disasters. The ERIF, which replaces the Economic Recovery and Reserve Fund, still has those purposes with the addition of funding the Strategic Initiatives Program. The Strategic Initiatives Program is a competitive transportation project grant program. The grant is administered by the Idaho Transportation Department ("ITD") and Local Highway Technical Assistance Council ("LHTAC"). The award is based on criteria including, but not limited to, projects enhancing safety, traffic mobility, repair and maintenance of bridges and purchase of right of ways. The ERIF will receive funds from the remaining moneys in the Economic Recovery and Reserve Fund. On or about July 1, 2020, the State Controller is directed to transfer \$272,000,000 from the Budget Stabilization Fund to the ERIF. After the close of the fiscal year, on or about July 1, the State Controller shall transfer any General Fund excess to the ERIF. The General Fund excess shall be calculated by first providing for the carry forward ending balance or \$60,000,000 — whichever is greater — plus an amount sufficient to cover encumbrances and reappropriation as authorized by the Legislature. On or about July 15, 2020, the State Controller shall transfer \$38,200,000 to the Strategic Initiatives Program. On or about July 15, 2021, the State Controller shall transfer \$1 dollar to the Strategic Initiatives Program. On or about July 1, 2022, the State Controller shall transfer an amount not exceeding 5% of the average month fair market value of the Economic Reserve Fund to the Strategic Initiatives Program. Such transfer shall not occur if: the Budget Stabilization Fund is less than a certain percentage of General Fund revenue, the legislature refuses to consent to a transfer or in the event of a major disaster declared by the Governor. Section 2 repeals the old Economic Recovery and Reserve Fund, which is being replaced by the ERIF. Section 3 pertains to the Budget Stabilization Fund. The Budget Stabilization Fund will receive funds from interest generated from investment of Fund moneys. Additionally, if receipts to the General Fund exceed receipts of the previous year by more than 4%, then an amount up to 1% shall be transferred into the Budget Stabilization Fund. Section 4 pertains to the Strategic Initiatives Transportation Program. It amends the program to allocate \$2,000,000 or 4.5% of the apportioned funds, whichever is less, to be used for funding children pedestrian safety projects on State and local roads. Following the allocation, 60% of the funds goes to ITD for State projects and 40% of the funds goes to the Local Highway Technical Assistance Council for local projects. Single countywide highway districts may opt out of the grant program and receive an amount that is the same portion as it would have received under Idaho Code Section 40-709. Section 5 provides for an additional \$5,000,000 to the Permanent Building Fund. In FY 2019, approximately \$9,000,000 was the amount that the Permanent Building Fund was receiving from the interest on the Budget Stabilization Fund that is now going back to the Budget Stabilization Fund.

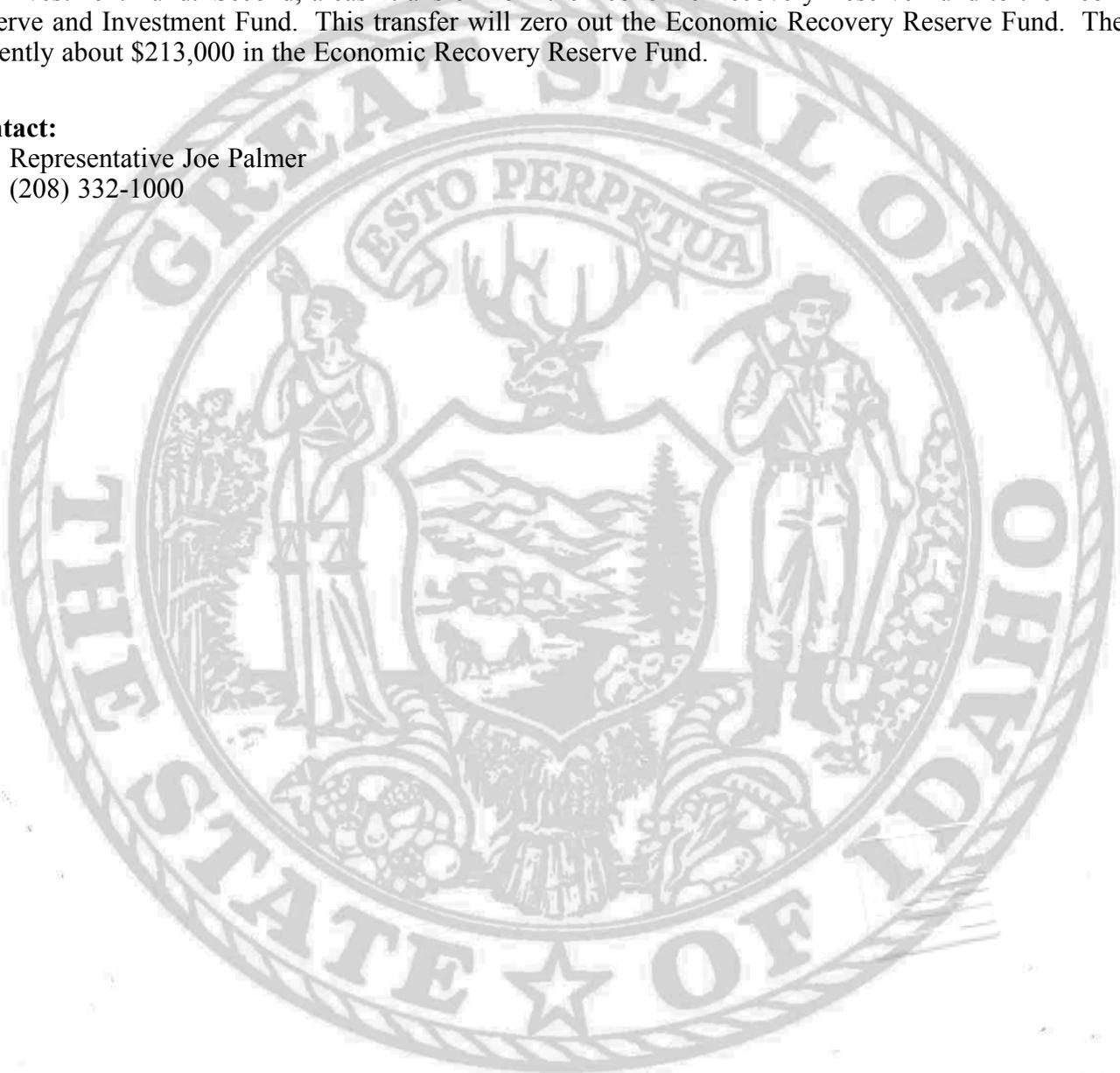
DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).

FISCAL NOTE

RS#27304 impacts both the General Fund and Dedicated Funds in FY 2021 and FY 2022. For the General Fund impact, the additional \$5 million transfer from sales tax to the permanent building fund will reduce FY 2021 and FY 2022 General Fund revenues by \$5 million. Additionally, the statutory transfer to the Budget Stabilization Fund will require JFAC to account for a FY 2020 transfer of approximately \$37.3 million and an FY 2022 transfer to Budget Stabilization of \$27.7 million. The total impact to the General Fund in FY 2021 is \$42.3 million and the total impact in FY 2022 is \$32.7 million. For dedicated funds, there is an FY 2021 impact of \$38.2 million transferred from the Economic Reserve and Investment Fund to the Strategic Initiatives Program Fund. The FY 2022 impact is yet to be determined. There are two FY 2020 transfers of cash that are also impacted by this bill. First, \$272 million from the Budget Stabilization Fund to the Economic Reserve and Investment Fund. Second, a cash transfer from the Economic Recovery Reserve Fund to the Economic Reserve and Investment Fund. This transfer will zero out the Economic Recovery Reserve Fund. There is currently about \$213,000 in the Economic Recovery Reserve Fund.

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